ORIGINAL

≡ AT&T

Joan Marsh
Director
AT&T Federal Government Affairs

Suite 1000
1120 20th St. NW
Washington, DC 20036
202 457-3120
FAX 202 457-3110

September 22, 1999

EX PARTE OR LATE FILED

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB-204
Washington, DC 20554

      Re: Notice of Written Ex Parte
            In the Matter of Applications for Consent to the Transfer of Control
            Licenses From MediaOne Group, Inc. to AT&T Corp.
            CS Docket No. 99-251

Dear Ms. Salas:

      Please include a copy of the attached letter in the record of the referenced proceeding.

      Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

                    Sincerely,

                    Joan Marsh

No. of Copies rec'd ___0 r 2__
List ABCDE

cc: To-Quyen Truoung

AT&T

Joan Marsh
Director
AT&T Federal Government Affairs

Suite 1000
1120 20th St. NW
Washington, DC 20036
202 457-3120
FAX 202 457-3110

September 21, 1999

EX PARTE OR LATE FILED

Ms. To-Quyen Troung
Associate Chief
Cable Services Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Ms. Troung:

In anticipation of the meeting we are currently attempting to schedule with Mr. J. Curt Hockemeier, EVP/COO of telephony operations at AT&T Broadband and Internet Services, attached please find an interview with Mr. Hockemeier as published in *Cable World.*

Sincerely,

Joan Marsh

cc: Sunil Daluvoy

media©entral

Office Expansion

Cable World Hockemeier: AT&T's Cable-Telephony Man

AT&T executive leads charge to provide local phone service over cable plant

By Matt Stump

J. Curt Hockemeier is back in the cable business, sort of. As EVP/COO of telephony operations at AT&T Broadband and Internet Services, he's in charge of making Michael Armstrong's dream a reality: providing local phone service over AT&T's cable plant.

Hockemeier knows the cable and phone business equally well. He was GM of Cox Cable's Oklahoma City system in the early 1990s before moving to Teleport, which AT&T acquired in 1998. When Leo Hindery went looking for an executive to head up TCI's phone efforts, he found an old colleague in Hockemeier already in-house at AT&T Corp.

In this interview, Hockemeier details AT&T BIS's current telephony rollout and how the company will execute Armstrong's phone strategy.

What's your area of responsibility and the company's goals over the next year or so?
I'm responsible for managing HFC telephony for AT&T. That includes getting 8 or 9 markets up and running by the end of the year and learning what we can about marketing, operations, maximizing penetration and giving consumers a quality product. We're aiming for thousands of customers by the end of this year and hundreds of thousands in 2000.

What's the status of Fremont, Calif.?
We have been selling telephony in Fremont for a couple of months. We are very well satisfied that we know how to sell this product. In simple outbound telemarketing, we're in the 17% to 20% close rate range, which exceeds by a fair piece what we thought we were going to get.

We're adding to it a direct sales approach. We're also putting media in the market in the next 30 days. We're going to supplement that with door-to-door sales, which we find others are using successfully, for example MediaOne.

We have most all of the Fremont single dwelling units constructed and upgraded for telephony. The MDUs are a different issue. Where we have a video contract we're going back in to sign a telephony access agreement. In large units, that will be accompanied by a partner program, where the owners/managers help sell our products, including broadband data, telephony and perhaps including Worldnet. For example, I'm going to lead with @Home, but if I can't sell @Home I'm going to try and drop back and sell Worldnet.

What vendors are you using?
Our switches are the former TCG switches. Those were first used for commercial (purposes) and now we're going to use them for residential. They typically weren't equipped with class features, which allows us to give residential customers all the functionality they like. Some of them have to be augmented with additional capacity. And there are some smaller markets where we've asked AT&T local to put in some switches for the year 2000.

We've got Lucent and Nortel switches. MediaOne has entirely Lucent switches. So we've got a nice complementary package.

As for access gear, we have been an Arris/Nortel customer. We're very fond of the Arris/Nortel product. We think they make a good product and they continue to develop it, which is what we like to see a vendor do.

Now we are going to test Tellabs (equipment) in an operating city toward the end of the fourth quarter. We've got every confidence we're going to like what we see.

MediaOne has Tellabs and ADC Communications. They have ADC in three cities, I think. Ultimately, we probably only want a couple of vendors. And by a couple I mean two. I would like not to have so many vendors that I have to build interfaces and software upgrades and have all those kinds of issues.

We're going to test Tellabs but we've got three horses in this race. So we're watching very carefully what's happening with ADC in the MediaOne markets. I think those are Los Angeles, Detroit and Atlanta. I could live with three, but I sure don't want four.

The host digital terminal and the network interface units are from Arris/Nortel.

Where are you on the upgrade schedule?
Initially, Tony Werner (AT&T BIS SVP-engineering) was upgrading for broadband data and then he'd come back and fix the plant up for telephony afterwards. Everything from about 45 days ago forward, he's doing all at once. He doesn't want to do it in two pieces anymore. The broadband data piece was about 90% of the work and the telephony piece about 10%, like installing additional standby power supplies and the telemetry on these batteries.

We'll have about 1.5 million homes that will be ORT ready or operational-readiness-test ready by the end of the year. That's across these nine markets.

In the Bay Area it's about 15% of the homes by the end of the year. I'd like to focus node-by-node-by-node. That allows me to get the maximized penetration in very short order with direct mail, then probably direct sales. That's the kind of marketing paradigm we're going to use.

How do the @Home technical problems affect you, both in terms of engineering and customer service?
That application problems riding on broadband data does not affect our phone service. That's not a reason that I have seen customers give us for not subscribing or disconnecting or otherwise participating with our HFC telephony service. It doesn't seem to have any spillover.

The information we're getting back on both customer satisfaction and also the performance of our network suggests we're running a better network than PacBell with telephony.

Where are you on powering?
We have decided to spend $300 million on network powering. Right now, we're using a standby power supply in the home, which is a little different from some of the other cable television companies. Cox, I think, is doing network powering. Since our network was not upgraded for network power, we had to come to grips with what we were going to do and we decided yes.

The good news is that there appears to be a penetration bump that we can get from network power. There are probably some customers that would subscribe to our service that maybe we can't attract with standby power.

Because they don't like an extra device in the home?
Maybe some of that and maybe they're not too excited about having it installed in their home. It's a black battery and has a black cord with it. One of the first questions the lady asked me on my test ride was 'Can I get a white cord?'

The Salt Lake City test is designed to determine if we can get to a fewer number of homes. Right now, we're serving 600 homes per node. This really takes it down to 75 homes. You really have a lot more capacity and bandwidth in your network if you get that done.

What's your thinking on the time frame for the conversion from circuit switched to IP telephony?
We're not going to see a commercial product that could be deployed in lieu of switched voice until at least the first quarter of 2001. I take nothing away from Nortel or Lucent or Cisco. I think that's perfectly well within their developmental plan. You'll see some field trials. The question is whether they can meet several standards we think are important.

One, is it has to be a primary line. You can't have satellite-delay type latency. Secondly, its got to have 99.99% in terms of availability and third, it's got to have a robust feature set. You can't say: 'I can give you all of this except caller ID.' The consumer's not going to accept that.

Will there be interface problems?
You do have some back office, OSS type issues that you've got to work around. And we've been taking a look at what that might mean. We think about 65% of what we've already contracted for in the switched voice business will be able to be kept. So we're only looking at a small component that has to be redone or added on to.

How do you assess the integration job with the MediaOne properties and other systems coming into AT&T?
I did a tour with Greg Braden (MediaOne's telephony chief) recently. I looked at New England, Jacksonville and Atlanta. (Other markets where MediaOne has, or will deploy telephony, include Richmond, Va.; Pompano Beach, Fla.; Los Angeles; Minneapolis/St. Paul, Detroit and Fresno, Calif.) They are pretty far along the learning curve and I was very pleased with what I saw there.

What are you learning from what Cox and MediaOne have done so far in telephony?
The key issue I came away with was how fast you integrate. How fast do you deliver on the promise of one company for video, broadband data and telephony service? We are unique in this world of being able to deliver all that in one installation session. PacBell can't do that. Ameritech can't do that in Chicago.

The question is when do you want to do it. I believe to get the right focus and to drive penetration as fast as you can drive it, you want to keep the telephony business separate for awhile. I saw that with the MediaOne operations.

Right now our installers in Fremont are just telephony installers. We're going to keep that for awhile. For me the issue of scalability comes down to two pieces. Can you get enough human resources to do all the installs? And can you develop a system that will allow you to scale the thing as fast as you want to go?

How many markets are you looking at in total for telephony, and of what customer size?
We're looking at the 150,000 to 200,000 cable customer range initially. That would put us at about two dozen networks (when all pending deals are done.)

What are you most worried about these days?
I worry the most about being able to hire enough folks: installers, number one, and customer service agents, number two. (For) those two categories we're going to need a lot of folks to help us. The markets are tight. The thing I heard on my MediaOne trip is that despite what they think is a pretty good focus, they are just having some trouble recruiting folks.

How far has TCI come in terms of plant reliability and customer service, and will people really trust you and buy phone service from "TCI."
Has TCI improved generically in the eyes of consumers? They have come light years in terms of answering the phones. I think they are meeting the NCTA standards everywhere. I give Bill Fitzgerald a lot of credit because he did that virtually overnight.

But the important thing you should know is that the TCI employees are overjoyed at the prospect that they are going to provide the kind of service that they always wanted to provide. (In the past) they didn't have the tools. They didn't have the money. They didn't have the ability to hire all the customer service reps that it was going to take to do it. But now they are doing it and they are thrilled to be doing it.

With respect to plant operations, I also think that's improved across the TCI business. On the part of the network that I'm concerned about, the stuff that's been upgraded, it's great. It's terrific.

With my TCG background and having built some networks for TCG, I have people that are going behind and making certain that we're doing network validation testing, making sure the power is up to our standards.

(September 20, 1999)

More Cable World

Search | Contact Us | Home

Copyright 1999 Intertec Publishing Corporation, A PRIMEDIA Company